

JEWISH FUNDERS NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011



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JEWISH FUNDERS NETWORK

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jewish Funders Network
150 West 30th Street, Suite 900
New York, New York 10001

We have audited the accompanying consolidated financial statements of Jewish Funders Network (a not-for-profit Organization) and its affiliated entity, Jewish Funders Network (R.A) ("JFNRA," an Israeli nonprofit Organization) (collectively "JFN"), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements. The change in net assets of JFNRA for the year ended December 31, 2011 only includes the activity for the period from November 2011 through December 31, 2011. We did not audit the financial statements of JFNRA, which reflect total assets and revenues constituting 2% and 4%, respectively, of the related consolidated totals as of and for the year ended December 31, 2012 and 1% and 0%, respectively, of the related consolidated totals as of and for the year ended December 31, 2011. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for JFNRA, is based solely on the report of the other auditors.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to JFN's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JFN's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained and the report of the other auditor are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JFN as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidating statements of financial position as of December 31, 2012 and 2011 and the consolidating statements of activities for the years then ended are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Cerini & Associates LLP

Bohemia, New York
December 6, 2013

JEWISH FUNDERS NETWORK**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,****2012****2011**

ASSETS		
Current Assets:		
Cash and cash equivalents (Note 5).....	\$ 957,275	\$ 1,496,128
Investments (Note 2).....	1,438,512	1,985,837
Accounts receivable.....	569,328	1,142,568
Prepaid expenses and other current assets.....	78,535	147,629
TOTAL CURRENT ASSETS	3,043,650	4,772,162
Restricted cash (Notes 2, 4, and 5).....	18,523	18,355
Restricted investments (Notes 2 and 4).....	78,883	89,379
Property and equipment, net of accumulated depreciation (Note 3).....	4,316	13,680
Other assets.....	42,181	32,832
TOTAL ASSETS	\$ 3,187,553	\$ 4,926,408
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 165,785	\$ 139,744
Grants payable (Note 7).....	502,374	2,376
Deferred revenue.....	81,663	311,369
Other current liabilities.....	1,319	-
TOTAL LIABILITIES	751,141	453,489
Commitments and contingencies (Notes 2, 4, 5, 6, 7, 8, and 9)		
Net Assets:		
Unrestricted.....	1,168,686	1,409,278
Temporarily restricted (Notes 4 and 9).....	1,170,320	2,955,907
Permanently restricted (Notes 2, 4, and 9).....	97,406	107,734
TOTAL NET ASSETS	2,436,412	4,472,919
TOTAL LIABILITIES AND NET ASSETS	\$ 3,187,553	\$ 4,926,408

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants (Note 4).....	\$ 25,852	\$ 8,009,634	\$ -	\$ 8,035,486
Contributions (Note 4).....	428,203	718,796	-	1,146,999
Membership dues.....	616,091	-	-	616,091
Conference	234,450	-	-	234,450
Conference sponsorships.....	458,000	-	-	458,000
Program fees.....	229,640	-	-	229,640
Investment income (Note 2).....	9,951	1,699	176	11,826
Other income.....	-	-	-	-
Net assets released from restriction (Note 4).....	10,526,220	(10,515,716)	(10,504)	-
TOTAL SUPPORT AND REVENUE	12,528,407	(1,785,587)	(10,328)	10,732,492
EXPENSES				
Program services.....	2,725,819	-	-	2,725,819
Grants to not-for-profit organizations (Note 4).....	9,300,586	-	-	9,300,586
Management and general.....	496,373	-	-	496,373
Fundraising.....	241,726	-	-	241,726
TOTAL EXPENSES	12,764,504	-	-	12,764,504
COMPREHENSIVE INCOME				
Loss on foreign currency exchange.....	(4,495)	-	-	(4,495)
CHANGE IN NET ASSETS	(240,592)	(1,785,587)	(10,328)	(2,036,507)
Net assets, beginning of year.....	1,409,278	2,955,907	107,734	4,472,919
Net assets, end of year.....	<u>\$ 1,168,686</u>	<u>\$ 1,170,320</u>	<u>\$ 97,406</u>	<u>\$ 2,436,412</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants (Note 4).....	\$ 403,439	\$ 9,662,772	\$ -	\$ 10,066,211
Contributions (Note 4).....	418,000	1,136,454	-	1,554,454
Membership dues.....	582,056	-	-	582,056
Conference	314,738	-	-	314,738
Conference sponsorships.....	213,300	-	-	213,300
Program fees.....	345,980	-	-	345,980
Investment income (Note 2).....	7,847	1,557	254	9,658
Other income.....	15,050	-	-	15,050
Net assets released from restriction (Note 4).....	12,575,863	(12,564,651)	(11,212)	-
TOTAL SUPPORT AND REVENUE	14,876,273	(1,763,868)	(10,958)	13,101,447
EXPENSES				
Program services.....	2,266,484	-	-	2,266,484
Grants to not-for-profit organizations (Note 4).....	11,635,376	-	-	11,635,376
Management and general.....	581,547	-	-	581,547
Fundraising.....	248,457	-	-	248,457
TOTAL EXPENSES	14,731,864	-	-	14,731,864
COMPREHENSIVE INCOME				
Loss on foreign currency exchange.....	(229)	-	-	(229)
CHANGE IN NET ASSETS	144,180	(1,763,868)	(10,958)	(1,630,646)
Net assets, beginning of year.....	1,265,098	4,719,775	118,692	6,103,565
Net assets, end of year.....	<u>\$ 1,409,278</u>	<u>\$ 2,955,907</u>	<u>\$ 107,734</u>	<u>\$ 4,472,919</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

2012

2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ (2,036,507)	\$ (1,630,646)
<u>Adjustments to reconcile change in net assets</u>		
<u>to net cash used in operating activities:</u>		
Depreciation expense.....	11,193	15,301
Net realized and unrealized losses/(gains) on investments.....	2,751	(2,704)
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	573,240	120,153
Prepaid expenses and other current assets.....	69,094	(96,858)
Other assets.....	(9,349)	938
Accounts payable and accrued expenses.....	26,041	31,489
Grants payable.....	499,998	(53,167)
Deferred revenue.....	(229,706)	151,814
Other current liabilities.....	1,319	(819)
	(1,091,926)	(1,464,499)
NET CASH USED IN OPERATING ACTIVITIES	(1,091,926)	(1,464,499)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments.....	2,819,037	2,287,523
Purchases of investments.....	(2,263,967)	(245,000)
Purchases of property and equipment.....	(1,829)	-
Change in restricted cash.....	(168)	541
	553,073	2,043,064
NET CASH PROVIDED BY INVESTING ACTIVITIES	553,073	2,043,064
NET CHANGE IN CASH AND CASH EQUIVALENTS	(538,853)	578,565
Cash and cash equivalents, beginning of year.....	1,496,128	917,563
Cash and cash equivalents, end of year.....	\$ 957,275	\$ 1,496,128

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011***

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Jewish Funders Network and its affiliated entity, Jewish Funder's Network (R.A) ("JFNRA") (collectively "JFN") is presented to assist in understanding JFN's consolidated financial statements. The consolidated financial statements and notes are representations of JFN's management, which is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Organization:

Jewish Funders Network was incorporated in 1994 as a not-for-profit corporation, organized under the laws of the State of Pennsylvania. Its primary purpose is to provide opportunities for Jewish philanthropists to discuss emerging issues; learn about new projects; share ideas and plans; gain expertise in the operational, administrative, and legal aspects of grant making; and exchange information. JFNRA was established at the end of 2008 to carry out Jewish Funders Network's mission overseas. On November 30, 2008, JFNRA received the initial designation as a not-for-profit organization, or Amutah, from the Israeli authorities. It did not commence operations until November 2011. As of December 31, 2012, confirmation by the tax authorities as a "public institute" concerning contributions in accordance with Section 46 of the Israeli tax laws (income tax credit for donation) was still pending. Prior to November 2011, the fiscal operations of JFNRA were conducted through Keren Karev, an established Israeli not-for-profit organization that functioned as fiscal intermediary for Jewish Funders Network. Payments by Jewish Funders Network to Keren Karev to support the activities of JFNRA are recorded as Program Expenses. During the year ended December 31, 2012, another Israeli not-for-profit organization - Matan - assisted Jewish Funders Network in connection with its annual conference, which in 2012 was held in Israel; by receiving and paying certain registration fees, sponsorships, and expenses in Israel.

Basis of Consolidation:

The accompanying consolidated financial statements include the accounts and transactions of Jewish Funders Network and JFNRA. Accordingly, all significant intercompany accounts and transactions have been eliminated in consolidation.

Income Tax Status:

Jewish Funders Network is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Jewish Funders Network is also exempt from state and local taxes. Jewish Funders Network evaluated its operations for uncertain tax positions and have determined that there were no uncertain tax positions for 2012 and 2011. Tax returns for the years ended December 31, 2012, 2011, 2010, and 2009 are open for examination by federal, state, and local taxing authorities. As previously outlined, the tax-exempt status of JFNRA was established on November 30 2008 in Israel, and is valid through December 31, 2014.

Basis of Accounting:

The books of accounts are maintained on the accrual basis of accounting. Revenue is recorded as earned and expenses are recorded when incurred.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

JFN is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of JFN and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by action of JFN and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by JFN. Generally, the donors of these assets permit JFN to use all or part of the income earned on any related investments only for the specific purposes set forth with their donation.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to JFN that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition:

Conference revenue is recognized when the conference has occurred. Conference fees collected prior to the conference date are classified as deferred revenue in the accompanying consolidated statements of financial position.

Program fees revenue is recognized based on the nature of the underlying program, principally as applicable services are provided.

Cash Equivalents:

For the purpose of the consolidated financial statements, cash equivalents represent money market funds with an original maturity of three month or less which are held with financial institutions.

Exchange Rates:

For the purpose of the consolidated financial statements, the statement of financial position JFNRA have been converted from Israeli Shekels to US Dollars using the foreign exchange rates at

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange Rates (continued):

December 31, 2012 and 2011. The average exchange rates were used to convert the JFNRA statement of activities for the years ended December 31, 2012 and 2011. For the years ended December 31, 2012 and 2011 the losses on foreign currency exchange were \$4,495 and \$229, respectively.

Reclassifications:

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Cash accounts associated with investment accounts are included in investments. Unrealized gains and losses are included in investment income in the consolidated statements of activities.

Accounts Receivable:

Receivables are stated at the amount management expects to collect from outstanding balances. JFN considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due completely unlikely. \$10,000 in accounts receivable representing a contribution pledged in 2010 was written off during the year ended December 31, 2011. \$20,979 in accounts receivable representing a contribution pledged in 2011 was written off during the year ended December 31, 2012.

Management believes all remaining receivables are collectible. As such, no allowance was established for doubtful accounts as of December 31, 2012 and 2011.

Property and Equipment:

Property and equipment are stated at cost, if purchased, or fair value, if contributed. Maintenance and repairs are charged to expense and betterments of \$2,500 or more are capitalized. Depreciation is computed using the straight line method over each asset's estimated useful life as follows:

Furniture and equipment.....	3 - 7 years
Leasehold improvements	5 years

Donated Services:

JFN benefits from volunteer services in program and administrative duties from its Board members and other volunteers. Even though these donated services are valuable to JFN, and help to advance JFN's mission, no amounts have been reflected in the consolidated financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011***

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

consolidated financial statements under accounting principles generally accepted in the United States of America, nor do they create or enhance non-financial assets.

Compensated Absences:

JFN allows employees to accrue unused vacation time and has recorded a vacation accrual of \$19,844 and \$21,939 at December 31, 2012 and 2011. These amounts are included with accounts payable and accrued expenses in the accompanying statements of financial position.

JFNRA accumulates vacation on an ongoing basis. The accumulated leave accrual at December 31, 2012 and 2011 amounted to \$1,319 and \$0 respectively, which is included within other current liabilities in the accompanying consolidating statements of financial position.

Grants Payable:

From time to time JFN acts on behalf of one or more donor organizations under an agreement that provides for JFN to administer a matching grant program for the donors. The grants are recorded as grants payable until such time as they are disbursed by JFN when approved by the grantor, based on JFN's recommendations.

Line of Credit:

JFN has an open line of credit with a financial institution in the amount of \$250,000. No funds were borrowed under this line as of December 31, 2011 or 2012.

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon an analysis of personnel time and space utilized for the related activities.

Use of Estimates:

The presentation of consolidated financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Events Occurring After the Report Date:

JFN has evaluated events and transactions that occurred between January 1, 2013 and December 6, 2013, which is the date that the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 -- INVESTMENTS

JFN presents investments in the consolidated statements of financial position at fair value. A fair value hierarchy has been established based on the observability of inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value levels (Level 1, 2, and 3).

- Level 1: Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that JFN has the ability to access at the measurement date. Level 1 assets include highly-liquid U.S. Treasury securities and exchange-traded equity securities.
- Level 2: Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities and some preferred stocks are model-priced by vendors using observable inputs and are classified within Level 2. Also included in the Level 2 category are derivative instruments that are priced using models with observable market inputs, including interest rates, foreign currency, and certain credit swap contracts.
- Level 3: Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities such as highly structured and/or lower quality, asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS"), including ABS backed by sub-prime loans, and private placement debt and equity securities. Embedded derivatives and complex derivatives securities, including equity derivatives, longer dated interest rate swaps and certain complex credit derivatives are also included in Level 3. Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent JFN's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

All of the investments held by JFN are considered level 1 investments because they are regularly traded and have quoted prices in active markets.

Investments are presented in the consolidated financial statements at fair value. The fair and historic values of JFN's investments by major security type are as follows at December 31, 2012:

	<u>Historical</u> <u>Cost</u>	<u>Fair</u> <u>Value</u>
U.S. government securities	\$ 1,517,395	\$ 1,517,395
Total investments	<u>\$ 1,517,395</u>	<u>\$ 1,517,395</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 2 -- INVESTMENTS (continued)

The following schedule summarizes the investment return included in the consolidated statement of activities for the year ended December 31, 2012:

Interest and dividend income.....	\$	9,075
Net realized and unrealized gain on investments.....		2,751
Total investment income.....	\$	<u>11,826</u>

The fair and historic values of JFN's investments by major security type are as follows at December 31, 2011:

	<u>Historical</u> <u>Cost</u>	<u>Fair</u> <u>Value</u>
U.S. government securities	\$ 2,075,216	\$ 2,075,216
Total investments	<u>\$ 2,075,216</u>	<u>\$ 2,075,216</u>

The following schedule summarizes the investment return included in the consolidated statement of activities for the year ended December 31, 2011:

Interest and dividend income.....	\$	6,954
Net realized and unrealized gain on investments.....		2,704
Total investment income.....	\$	<u>9,658</u>

JFN invests in U.S. government securities. Such investments are exposed to risks such as interest rate and market risks. Due to the level of risk associated with certain investment vehicles, it is possible that changes in the values of investment holdings could occur in the near term and that change could materially affect the amounts reported in the consolidated statements of financial position.

For the years ended December 31, 2012 and 2011, JFN included in restricted cash and investments of \$97,406 and \$107,734, respectively, that were held in permanently restricted funds (See Note 4).

JEWISH FUNDERS NETWORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment balances consisted of the following at December 31,:

	2012	2011
Furniture and equipment	\$ 240,203	\$ 238,374
Leasehold improvements	58,194	58,194
Total cost	298,397	296,568
Less: accumulated depreciation	(294,081)	(282,888)
Net property and equipment	<u>\$ 4,316</u>	<u>\$ 13,680</u>

NOTE 4 -- NET ASSETS

Temporarily Restricted Net Assets

JFN receives grants and contributions that are primarily restricted for use in specific programs and causes aligned with JFN's mission. JFN maintains variance power over these grants (see Note 9). During fiscal 2012 and 2011, JFN received \$8,009,634 and \$9,662,772, respectively, in grants and \$718,796 and \$1,136,454, respectively, in restricted contributions, and disbursed \$9,300,586 and \$11,635,376, respectively, in grants to qualifying organizations.

These net assets from grants, inclusive of related investment income, were restricted for the following purposes at December 31,:

	2012	2011
Foundation Services Fund: Fund 1.....	\$ 12,528	\$ 78,819
Northern Israel Relief 1	582,335	689,435
Northern Israel Early Childhood.....	37,952	37,949
Northern Israel Relief 2.....	73,498	73,491
Membership Services	35,597	44,773
Give to Israel.....	30,000	1,044,500
Time restricted.....	-	80,650
Other	398,410	906,290
Total	<u>\$ 1,170,320</u>	<u>\$ 2,955,907</u>

Permanently Restricted Net Assets

Permanently restricted net assets consist of restricted contributions from two separate donors which are held within restricted cash and restricted investments. Interest and dividend income generated and retained by these contributions in the portfolio have been classified as permanently restricted in JFN's consolidated statements of activities (See Note 9). The breakout of these restricted net assets by donor is as follows at December 31,:

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 -- NET ASSETS (continued)

	<u>2012</u>	<u>2011</u>
JJ Greenberg Award Fund	\$ 78,883	\$ 89,379
Shapiro Award	18,523	18,355
Total	<u>\$ 97,406</u>	<u>\$ 107,734</u>

NOTE 5 -- CONCENTRATIONS OF RISK

From time to time, JFN has cash on deposit and short term investments with financial institutions in excess of federally insured limits.

NOTE 6 -- RETIREMENT PLAN

JFN participates in a 401(k) plan that covers substantially all employees over the age of twenty-one. Vesting in participants' accounts is immediate. This plan provides for elective contributions to this plan that range from 3% to 4% of each participant's compensation for any plan year. Contributions are subject to certain limitations as stipulated in the plan document. JFN provided contributions of \$42,145 and \$38,799 for the years ended December 31, 2012 and 2011, respectively.

JFNRA participates in a state mandated retirement plan in accordance with the "Extension Order for Comprehensive Pension Insurance in the Economy" issued by the Israeli Ministry of Industry, Labor and Trade. All Israeli employers are required to provide their employees with a minimum pension. The minimum employer contribution rate for pensions in 2012 was 4.16%.

NOTE 7 -- GRANTS PAYABLE

JFN has an outstanding agreement from prior years with the Avi Chai Foundation for a matching grant program ("MATCH"). MATCH will provide grants of \$25,000 to \$50,000 to match grants of an equal or greater amount, which are made by qualifying JFN members, to institutions in support of Jewish education. At December 31, 2012 and 2011, matching grants payable amounted to \$502,374 and \$2,376, respectively, and was included with grants payable in the accompanying statements of financial position.

NOTE 8 -- LEASE COMMITMENTS

JFN entered into a lease for office space at its Manhattan location in November 2005, which commenced in January 2006, and expires on January 31, 2016. The lease contains escalation clauses of 3% per annum. JFN entered into a lease for office space at its Israel location in January 2013, which expires on January 14, 2015.

In addition, JFN leases certain copying equipment. These leases are set to expire through December 31, 2016. Future minimum payments under non-cancellable operating leases are as follows for the years ending December 31,:

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 -- LEASE COMMITMENTS (continued)

2013.....	\$	235,934
2014.....		234,642
2015		166,398
2016		13,759
Total	\$	<u>650,733</u>

NOTE 9 -- ENDOWMENT

Effective September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the provisions of which apply to the endowment funds existing on or established after that date.

JFN's endowment consists of the JJ Greenberg Memorial Fund and Shapiro Fund that are permanently restricted by the donor. JFN is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The full amount of contributions received towards JJ Greenberg and Shapiro Funds were initially recorded as permanent endowment. JFN adopted a spending policy whereby it looks to provide ongoing support of awards as provided for by the endowment funds. As a result, on an annual basis, a portion of the endowment fund is released from restriction in accordance with JFN's spending policy.

Return Objectives and Risk Parameters

JFN has adopted an investment strategy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment. In order to have the funds readily available, JFN's endowments are invested in U.S. government securities.

Spending Policy

Under JFN's adopted spending policy, permanently restricted funds are used for the purposes of awarding an annual \$5,000 award, and to cover the expenses associated with the annual award ceremony, which is allowable under the donor guidelines. Investment income, generated from the permanently restricted funds at December 31, 2012 and 2011 was added to the permanently restricted balance of the net assets.

During the year ended December 31, 2012 and 2011, JFN had the following endowment-related activities:

JEWISH FUNDERS NETWORK

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 - ENDOWMENT (continued)

December 31, 2012	Unrestricted	Permanently Restricted
Endowment funds, beginning of year	\$ -	\$ 107,734
Investment return	-	176
Releases from permanent restrictions	10,504	(10,504)
Expenditures	(10,504)	-
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 97,406</u>
December 31, 2011	Unrestricted	Permanently Restricted
Endowment funds, beginning of year	\$ -	\$ 118,692
Investment return	-	254
Releases from permanent restrictions	11,212	(11,212)
Expenditures	(11,212)	-
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 107,734</u>

JEWISH FUNDERS NETWORK

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS	<u>Jewish Funders Network</u>	<u>JFNRA</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents.....	\$ 889,206	\$ 68,069	\$ -	\$ 957,275
Investments	1,438,512	-	-	1,438,512
Accounts receivable.....	569,328	-	-	569,328
Prepaid expenses and other current assets.....	75,848	2,687	-	78,535
TOTAL CURRENT ASSETS	2,972,894	70,756	-	3,043,650
Restricted cash	18,523	-	-	18,523
Restricted investments	78,883	-	-	78,883
Property and equipment, net of accumulated depreciation.....	3,696	620	-	4,316
Other assets.....	42,181	-	-	42,181
TOTAL ASSETS	\$ 3,116,177	\$ 71,376	\$ -	\$ 3,187,553
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 137,034	\$ 28,751	\$ -	\$ 165,785
Grants payable	502,374	-	-	502,374
Deferred revenue.....	81,663	-	-	81,663
Other current liabilities.....	-	1,319	-	1,319
TOTAL LIABILITIES	721,071	30,070	-	751,141
Net Assets:				
Unrestricted.....	1,127,380	41,306	-	1,168,686
Temporarily restricted.....	1,170,320	-	-	1,170,320
Permanently restricted.....	97,406	-	-	97,406
TOTAL NET ASSETS	2,395,106	41,306	-	2,436,412
TOTAL LIABILITIES AND NET ASSETS	\$ 3,116,177	\$ 71,376	\$ -	\$ 3,187,553

JEWISH FUNDERS NETWORK

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

ASSETS	<u>Jewish Funders Network</u>	<u>JFNRA</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents.....	\$ 1,469,028	\$ 27,100	\$ -	\$ 1,496,128
Investments	1,985,837	-	-	1,985,837
Accounts receivable.....	1,142,568	-	-	1,142,568
Prepaid expenses and other current assets.....	147,629	-	-	147,629
TOTAL CURRENT ASSETS	4,745,062	27,100	-	4,772,162
Restricted cash.....	18,355	-	-	18,355
Restricted investments	89,379	-	-	89,379
Property and equipment, net of accumulated depreciation.....	13,680	-	-	13,680
Other assets.....	32,832	-	-	32,832
TOTAL ASSETS	\$ 4,899,308	\$ 27,100	\$ -	\$ 4,926,408
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 124,328	\$ 15,416	\$ -	\$ 139,744
Grants payable	2,376	-	-	2,376
Deferred revenue.....	311,369	-	-	311,369
Other current liabilities.....	-	-	-	-
TOTAL LIABILITIES	438,073	15,416	-	453,489
Net Assets:				
Unrestricted.....	1,397,594	11,684	-	1,409,278
Temporarily restricted.....	2,955,907	-	-	2,955,907
Permanently restricted	107,734	-	-	107,734
TOTAL NET ASSETS	4,461,235	11,684	-	4,472,919
TOTAL LIABILITIES AND NET ASSETS	\$ 4,899,308	\$ 27,100	\$ -	\$ 4,926,408

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Jewish Funders Network			JFNRA		Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted		
SUPPORT AND REVENUE							
Grants	\$ 25,852	\$ 8,009,634	\$ -	\$ -	\$ -	\$ -	\$ 8,035,486
Contributions	428,358	713,614	-	416,000	5,182	(416,155)	1,146,999
Membership dues.....	616,091	-	-	4,450	-	(4,450)	616,091
Conference	234,450	-	-	-	-	-	234,450
Conference sponsorships.....	458,000	-	-	-	-	-	458,000
Program fees.....	229,640	-	-	-	-	-	229,640
Investment income	9,922	1,699	176	29	-	-	11,826
Other income.....	-	-	-	-	-	-	-
Net assets released from restriction.....	10,521,038	(10,510,534)	(10,504)	5,182	(5,182)	-	-
TOTAL SUPPORT AND REVENUE	12,523,351	(1,785,587)	(10,328)	425,661	-	(420,605)	10,732,492
EXPENSES							
Program services.....	2,814,176	-	-	332,248	-	(420,605)	2,725,819
Grants to not-for-profit organizations	9,300,586	-	-	-	-	-	9,300,586
Management and general.....	437,077	-	-	59,296	-	-	496,373
Fundraising.....	241,726	-	-	-	-	-	241,726
TOTAL EXPENSES	12,793,565	-	-	391,544	-	(420,605)	12,764,504
COMPREHENSIVE INCOME							
Loss on foreign currency exchange.....	-	-	-	(4,495)	-	-	(4,495)
CHANGE IN NET ASSETS	(270,214)	(1,785,587)	(10,328)	29,622	-	-	(2,036,507)
Net assets, beginning of year.....	1,397,594	2,955,907	107,734	11,684	-	-	4,472,919
Net assets, end of year.....	<u>\$ 1,127,380</u>	<u>\$ 1,170,320</u>	<u>\$ 97,406</u>	<u>\$ 41,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,436,412</u>

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Jewish Funders Network			JENRA		Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted		
SUPPORT AND REVENUE							
Grants	\$ 403,439	\$ 9,662,772	\$ -	\$ -	\$ -	\$ -	\$ 10,066,211
Contributions	418,000	1,136,454	-	35,000	-	(35,000)	1,554,454
Membership dues.....	582,056	-	-	-	-	-	582,056
Conference	314,738	-	-	-	-	-	314,738
Conference sponsorships.....	213,300	-	-	-	-	-	213,300
Program fees.....	345,980	-	-	-	-	-	345,980
Investment income	7,847	1,557	254	-	-	-	9,658
Other income.....	15,050	-	-	-	-	-	15,050
Net assets released from restriction.....	12,575,863	(12,564,651)	(11,212)	-	-	-	-
TOTAL SUPPORT AND REVENUE	14,876,273	(1,763,868)	(10,958)	35,000	-	(35,000)	13,101,447
EXPENSES							
Program services.....	2,280,989	-	-	20,495	-	(35,000)	2,266,484
Grants to not-for-profit organizations	11,635,376	-	-	-	-	-	11,635,376
Management and general.....	578,955	-	-	2,592	-	-	581,547
Fundraising.....	248,457	-	-	-	-	-	248,457
TOTAL EXPENSES	14,743,777	-	-	23,087	-	(35,000)	14,731,864
COMPREHENSIVE INCOME							
Loss on foreign currency exchange.....	-	-	-	(229)	-	-	(229)
CHANGE IN NET ASSETS	132,496	(1,763,868)	(10,958)	11,684	-	-	(1,630,646)
Net assets, beginning of year.....	1,265,098	4,719,775	118,692	-	-	-	6,103,565
Net assets, end of year.....	<u>\$ 1,397,594</u>	<u>\$ 2,955,907</u>	<u>\$ 107,734</u>	<u>\$ 11,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,472,919</u>